

Appendix 6 – Existing Use Valuation and Counsel Opinion Correspondence

Valuation report

Reading Metropolitan Site, 80 Caversham
Road, Reading RG1 8JG

Prepared on behalf of Hermes Property Unit Trust

Date of issue: 15 February 2019

Contact details

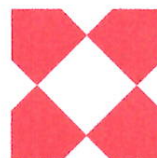
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Executive summary

The executive summary below is to be used in conjunction with the valuation report to which it forms part and is subject to the assumptions, caveats and bases of valuation stated herein and should not be read in isolation.

Address	Reading Metropolitan, 80 Caversham Road, Reading RG1 8JG
Location	The property is located in central Reading, in the Thames Valley, approximately 40 miles west of Central London. The subject is situated immediately adjacent to Reading Station, to the north of the town centre. The town is served by three junctions (10,11 and 12) of the M4 motorway via the A3290 and A33 respectively, to the south east and south of the town. Reading Station provides regular rail services to London Paddington (26 minutes) and Bristol Temple Meads (1 hour 11 minutes). Reading will also link with CrossRail once this has completed from the end of 2019/2020 onwards. The site fronts onto Caversham Road to the west and has vehicular access from Vastern Road to the north. Nearby occupiers include the Station Shopping Park (The Range, Aldi, Mothercare), Reading station multi-storey car park, Pure Gym and Shurgard Self-Storage.
Description	The property comprises a single bay steel portal framed warehouse with two storey integral offices totalling 95,000 sq ft and a purpose built reinforced steel and concrete framed three storey office building totalling 30,000 sq ft. Formerly the Royal Mail Sorting offices, the properties were constructed in the mid 1980's and occupy a 6 acre site. The warehouse has 6 metre eaves rising to 8 metres at the centre of the bay as well as roller shutter loading doors along the southern and eastern elevations. The office and canteen block is situated at the western end of the warehouse building and specification includes suspended ceilings with recessed category 2 strip lighting, painted plastered walls, perimeter trunking and heating, metal framed single glazed windows, concrete floor with carpet and vinyl tile covering. The purpose built offices have a similar specification with the addition of 4-pipe fan coil air conditioning and central heating via perimeter heating. The offices also benefit from a single passenger lift. Externally, there is a concrete surface yard secured by a combination of palisade fencing, concrete post and steel mesh fencing plus secure gated access to both Caversham Road and the main entrance via Vastern Road. The warehouse and offices both benefit from external surface parking on the Caversham Road frontage.
Areas	We have been instructed to rely on the areas provided GIA, as follows: • Warehouse: 95,000 sq ft • Purpose built Offices: 30,000 sq ft



Executive summary cont.

	• TOTAL: 125,000 sq ft
Tenure	Freehold.
Tenancies	The property is vacant.
Valuation considerations	• Property is held under Freehold title. • Strategic location in important town centre location. • Adjoining major transport hub with frequent services to both London and the West Country with additional benefit from CrossRail once it is completed. • Building vacant since August 2018. • The warehouse presents well but the offices appear somewhat dated and could be updated with new suspended ceilings, lighting and double glazed windows. • Building is now over 30 years old, having been built in the mid-1980's. • Building is in a reasonable condition given its age and previous use. • Potential for single occupancy for use as a 'last mile' delivery centre. • We are assuming a 12 month void and a 6 months' rent free period for a new letting of 5 years. • We consider the Market Rent to be £11.00 per sq ft on a headline basis for the whole on the basis of a single letting in its current use. • We have applied 15% legal and letting fees. • We have adopted a capitalisation rate of 4.40%, on the basis that the property is vacant. • The value of £27,000,000 breaks back to a capital value £216 per sq ft.
Valuation date	14 December 2018.
Current rent	Nil.
Market Rent	£1,375,000 per annum (£11.00 per sq ft)
Market Value on special assumption	£27,000,000



Executive summary cont.

MV analysis

Net Initial yield	0.00%
Reversionary yield	4.77% (06/2020)
Nominal Equivalent yield	4.40%
True Equivalent yield	4.52%
Market Value per sq ft	£216.00 per sq ft

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Appendices

Appendix 1 - General Terms of Business

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1 Instructions

Engagement of Knight Frank LLP

Instructions	1.1	We refer to your instruction from Hermes Investment Management of 7 February 2019 and to our subsequent Terms of Engagement letter and General Terms of Business for Valuations of 11 February 2019, to provide a valuation report on Reading Metropolitan, 80 Caversham Road, Reading, RG1 8JG, ("the property").
	1.2	This valuation has been carried out in accordance with our General Terms of Business for Valuations ("General Terms of Business"), as attached at Appendix 1.
Client	1.3	Our client for this instruction is Hermes Property Unit Trust ("the Client").
Valuation standards	1.4	This valuation has been undertaken in accordance with RICS Valuation - Global Standards 2017, which incorporate the International Valuation Standards, and the RICS UK National Supplement effective from January 2019. References to the "Red Book" refer to either or both of these documents, as applicable. As required by the Red Book, some key matters relating to this instruction are set out below.
Purpose of valuation	1.5	You have confirmed that this valuation report is required solely for the purposes of providing the current use value to establish Benchmark Land Value for a viability appraisal in connection with a planning application and negotiations with Reading Council.
	1.6	Current Use Value, as defined within the RICS Guidance Note – Financial Viability in Planning (GN94/2012), is the Market Value on the special assumption that it reflects the current use of the property only and disregards any prospect of development other than for continuation/expansion of the current use. This is required, we understand, for evaluating the impact of planning obligations, including affordable housing and other Section 106 requirements, on the financial viability of the proposed redevelopment of the property to include residential use, for which planning permission is being sought.
Conflict of interest	1.7	We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are providing an objective and unbiased valuation.
	1.8	We are acting as External Valuers, as defined in the Red Book.
Responsibility to third parties	1.9	Our valuation report is only for the use of our Client and no liability is accepted to any third party for the whole or any part of its contents.
Disclosure & publication	1.10	Neither the whole nor any part of this valuation nor any reference thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.
	1.11	We confirm that this report may be included in the viability assessment in connection with a planning application for the property.

Limitations on liability	1.12	No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner or consultant of Knight Frank LLP. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Knight Frank LLP.
	1.13	Knight Frank LLP's total liability for any direct loss or damage caused by negligence or breach of contract in relation to this instruction and valuation report is limited to the amount specified in the Terms of Engagement letter, a copy of which is attached. We do not accept liability for any indirect or consequential loss (such as loss of profits).
	1.14	The above provisions shall not exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.
Expertise	1.15	In accordance with VPS3 of the Red Book, the valuer, on behalf of Knight Frank LLP, with the responsibility for this report is Hazel Morris MRICS, RICS Registered Valuer. Parts of this valuation have been undertaken by additional valuers as listed on our file. We confirm that the valuer and additional valuers meet the requirements of the Red Book, having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.
Vetting	1.16	This report has been vetted as part of Knight Frank LLP's quality assurance procedures.

Scope of enquiries & investigations

Inspection	1.17	We were not instructed to carry out an internal inspection of the property. Our previous inspection of the property was undertaken externally on 21 June 2018 by Hazel Morris MRICS and Nigel Smith.
Investigations	1.18	In carrying out this instruction we have undertaken verbal / web based enquiries referred to in the relevant sections of this report. We have relied upon this information as being accurate and complete.
	1.19	As previously agreed with you, the enquiries undertaken by us in this instruction have been limited in the following respect: • Restriction on planning enquiries • Assuming floor areas as provided by Hermes Investment Management • Relying on visual inspection in connection with condition • Assuming no contamination is present

- 1.20 In the absence of any documents or information provided, we have had to rely solely upon our own enquiries as outlined in this report. Any assumptions resulting from the lack of information are also set out in the relevant section of this report.

Valuation bases

- 1.21 In accordance with your instructions, we have provided opinions of value on the following bases:-
- Market Value (MV) on special assumption** 1.22 The Market Value of the freehold interest in the property in its current physical condition, with vacant possession, and on the special assumption that it reflects the current use of the property only and disregards any prospect of development other than for continuation/expansion of the current use.
- Market Rent (MR)** 1.23 The Market Rent of the property. Our letting assumptions are set out in the Valuation Section of this report.
- Valuation date** 1.24 The valuation date is 14 December 2018.

2 The property

Location

- 2.1 As can be seen from the plan below, the property is located in central Reading in the Thames Valley, approximately 40 miles to the west of Central London and 80 miles to the east of Bristol. The subject is situated to the north of the town centre, immediately adjacent to Reading Railway station around 3 miles north of Junction 11, 4 miles to the north east of Junction 12 and 6 miles north west of Junction 10 of the M4 motorway. The A33 Caversham Road links directly with Junction 11, M4 to the south of the town centre and the A329 Wokingham Road links to the A329M and Junction 10, M4 to the south east of the town centre.



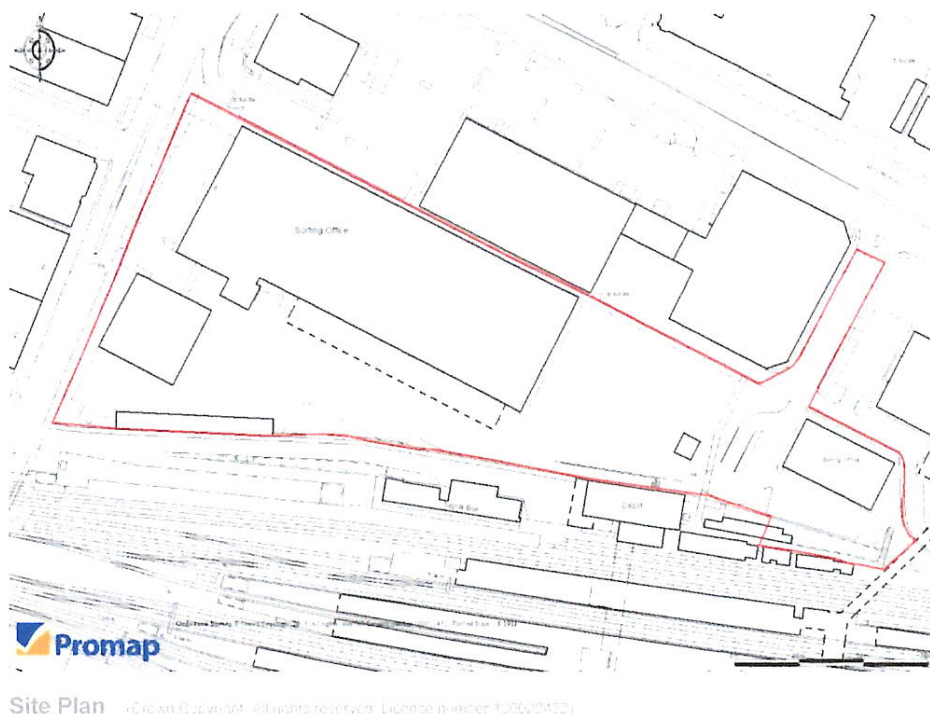
Location Plan (Crown Copyright. All rights reserved. Licence number 100022413)

- 2.2 The immediate locality is a mix of uses including: various offices, residential and the Station Shopping Park on Vastern Road; light industrial, retail and the Pure Gym on Caversham Road. To the east of the site is the 1,600 space Reading Station multi-storey car park.
- 2.3 Reading Station is a major transport hub, serving both London and the West Country with over 3.8 million customers annually and 17 million entries/exits. The station was subject to a major redevelopment, which completed in 2014 where five new platforms were added, a new entrance on the northern side of the station close to the subject property and a new subway to provide access from the south side of the station. The redevelopment will also enable the introduction of the Elizabeth Line (CrossRail), services which are due to open in late 2019 / early 2020.
- 2.4 The subject property is situated on the southern side of Vastern Road and to the east of Caversham Road immediately adjoining the north side of Reading Station. The street plan below shows the position of the property.



Site

- | | | |
|------------------|-----|--|
| Site area | 2.5 | The property occupies a broadly flat and irregular site of approximately 2.43 hectares (6 acres). |
| | 2.6 | The site coverage is circa 48%. |
| Site plan | 2.7 | The property is identified on the Ordnance Survey plan below, showing our understanding of the boundary outlined in red. |



Description

- 2.8 The site has a warehouse building with ancillary office block constructed upon it; we understand the building dates from the mid 1980's. The warehouse is of steel portal frame construction and is arranged in a single bay; the eaves height is circa 6.0 metres, rising to circa 8.0 metres at the centre of the bay. Elevations are formed with steel panel curtain walling with concrete blockwork at low level under a profiled, galvanised steel cladding panel dual pitched roof. Internally the warehouse comprises concrete floors, lined roofs, suspended sodium lighting and overhead gas fired ducted heating. There are numerous steel roller shutter loading doors along the southern and eastern elevations with a canopy running along the majority of the southern facing elevation. The warehouse also incorporates an integral two storey office section with concrete floors at the western end of the building.

The purpose built office block is arranged over three storeys and is constructed of steel frame with precast concrete slab floors and has steel framed curtain wall elevations, incorporating a combination of single and double glazed casement windows. The main roof is a dual pitched arrangement with profiled steel clad panels formed around a central light-well down to first floor level only. Internally the accommodation comprises suspended ceilings with recessed category 2 lighting, plastered and painted walls, carpeting and vinyl tiles, heating via a combination of radiators and ducted perimeter comfort cooling and 4-pipe fan coil air conditioning. The offices also benefit from a single passenger lift and are linked to the main warehouse by a steel framed bridge walkway at first floor level.

Externally, the yard and car parking is of concrete and brick blockwork and is secured by palisade fencing to the southern, western and eastern boundaries and by concrete post and mesh fencing to the northern boundary of the site. There is separate vehicular access to the offices and warehouse for staff parking from Caversham Road as well as lorry access from both Vastern Road and Caversham Road.

- 2.9 We understand the property has been vacant since August 2018 when Network Rail vacated the site.



Accommodation

- Measurement** 2.10 As agreed with you, we have relied upon floor areas provided by Hermes Investment Management, which we have assumed to have been undertaken in accordance with the current RICS Code of Measuring Practice. No further verification has been undertaken. These are as follows:

Floor areas

Table 1 Floor Areas GIA

Description	Sq m	Sq ft
Warehouse	8,826	95,000
Offices	2,787	30,000
Total	11,613	125,000

- 2.11 The valuation given does not include any chattels or contents within the property.

Services

- 2.12 No tests have been undertaken on any of the services.
- 2.13 We have assumed for the purposes of this valuation that mains gas, water, electricity, drainage and telecommunications are all available to the subject property.

Legal title

Land register searches

- 2.14 We do not undertake searches or inspections of any kind (including web based searches) for title or price paid information in any publicly available land registers, including the Land Registry for England & Wales, Registers of Scotland and Land & Property Services in Northern Ireland.

Sources of Information

- 2.15 We have not been provided with any Land Registry entries / Title documents / Report on Title.
- 2.16 In our valuation, we have assumed a good and marketable title and that all documentation is satisfactorily drawn.
- 2.17 We recommend that our understanding of all legal title issues is referred to your legal advisers for their confirmation that our understanding is correct. It is also particularly important that your legal advisers should be asked to check whether there have been any transactions relating to the property which reveal price paid information which we should be made aware of.
- 2.18 If any matters come to light as a result of your legal adviser's review of these issues, we request that these matters are referred back to us as this information may have an important bearing upon the values reported.

Tenure

- 2.19 We have made the assumption that that title to the property is freehold.

Covenants

- 2.20 We have assumed that the property is not subject to any unusual or onerous covenants, restrictions, encumbrances or outgoings.

Tenancies

Vacant possession

- 2.21 As the property is vacant, we have valued the property with full vacant possession.

Condition

Scope of inspection

- 2.22 We have not undertaken a building or site survey of the property.

Comments

- 2.23 Apart from any matters specifically referred to below, we have assumed that it is in sound order and free from structural faults, rot, infestation or other defects, and that the services are in a satisfactory condition.
- 2.24 At the date of inspection, the building appeared to be in a generally reasonable state of repair commensurate with its age and use. No urgent or significant defects or items of disrepair were noted which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance programme.

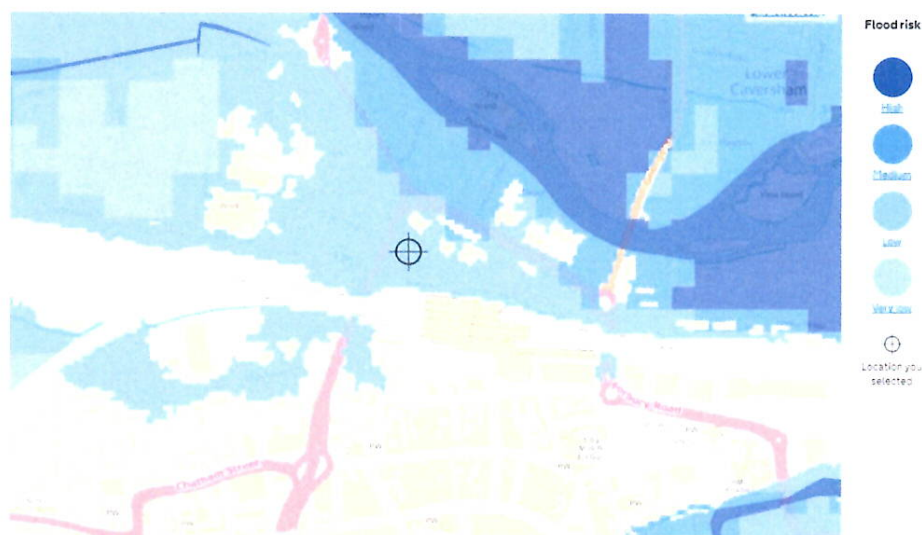
Mining

- 2.25 We have not investigated ground conditions. The property is not situated in a known mining area. Unless advised to the contrary, our valuation is on the basis that there is no unidentified adverse ground, or soil conditions and that the load bearing qualities of the property are sufficient to support the buildings constructed or to be constructed thereon.

Environmental considerations

Flooding

- 2.26 We have used the website of the Environment Agency's Indicative Floodplain Maps to provide a general overview of lands in natural floodplains and therefore potentially at risk of flooding from rivers or the sea. The maps use the best information currently available, based on historical flood records and geographical models. They indicate where flooding from rivers, streams, watercourses or the sea is possible.
- 2.27 From our enquiries of the Environment Agency's website we have ascertained that the property is not within an indicative floodplain and that there is therefore a low risk of flooding.
- 2.28 We show below an extract map from the Environment Agency's website showing the risks of flooding.



Source – Environment Agency – Risk of flooding

- 2.29 The Environment Agency website also indicates that the property is not in a location that benefits from flood defences.

Contamination 2.30 Investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Knight Frank LLP is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

- 2.31 Subject to the above, while carrying out our valuation inspection, we have not been made aware of any uses conducted at the subject property that would give cause for concern as to possible environmental contamination. Our valuation is provided on the assumption that the property is unaffected.

Asbestos 2.32 Since 1999, the use within a building of asbestos containing materials (ACMs) has been banned. These are commonly found although are often in areas not visible from an inspection of the surface elements. While these can be sealed in place, public alarm is such that their removal and safe disposal is the more likely course of action and this can be particularly expensive. Removal and disposal will require specialist advice. Knight Frank LLP does not specifically inspect for ACMs. We have assumed that no ACMs are contained within the property.

3 Market analysis

Source of information	3.1 Our market analysis has been undertaken using market knowledge within Knight Frank LLP, enquiries of other agents, searches of property databases, as appropriate and any information provided to us.
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Occupational Market

Background	3.2 Demand for good quality industrial and distribution remains strong, principally underpinned by the ubiquitous growth of online retailing. The London and South East industrial market continues to see an acute imbalance between availability of secondary and new properties compounded by strong demand across the size spectrum. This is driving rental growth. The proliferation of distribution channels related to online retailing remains a major feature of the UK market. In November 2018, online sales as a proportion of all retailing, exceeded 20% for the first time. Greater London and South East industrial estates continue to see a shift in the makeup of occupier type, with the more traditional industrial occupier losing ground to e-retailing, trade counter and urban logistics. In the South East, there is high demand for new multi-let (smaller unit) stock, both leasehold and freehold as existing options are limited. Developers would do well to build much needed stock if only they could identify suitable urban development opportunities. Urban logistics is also keenly sought after by the funds as rents continue to rise. The case for speculative development for industrial use remains a strong one, principally underpinned by e-commerce and population growth. Major schemes on the horizon include SEGRO Park, Hayes, comprising four units totalling 240,000 sq ft. Prologis are building out 310,000 sq ft in a number of units in Hemel Hempstead. Goya are on site in Salford's, north of Gatwick, building out a multi-unit scheme totalling 180,000 sq ft and Graftongate and London Metric are on site in Bedford building out 187,000 sq ft across three buildings. We have included evidence of lettings which are from up to 18 months prior to the valuation date, but over that period, lack of development and good occupational demand has led to rental growth.
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Rental market

Evidence of comparable lettings

3.3 We have had regard to the following evidence:

Units 1&2, Island Road, Reading, RG2 0RP



Date :	June 2017
Rent:	£11.25/£12.50 per sq ft
Size:	115,225 sq ft
Status:	Pre-Let

Island Road is located to the south of Reading town centre on the A33 Basingstoke Road, some 2 miles north west of junction 11 of the M4.

The property comprises two new build distribution warehouse units, completed late 2018 on a 7.96 acre site. The units are of steel portal frame construction with Unit 1 having 10 metre clear internal eaves height, 4 level access loading doors plus 8 dock levellers and a dedicated 36 metres service yard. Unit 2 has 7 metre clear internal eaves height, 1 level access loading door and a dedicated 27 metre service yard. Unit 1 extends to 100,370 sq ft including fully fitted, high specification offices at first and second floors totalling 13,310 sq ft and Unit 2 extends to 14,855 sq ft with 1,355 sq ft of offices. Externally, there is a large secured yard and separate parking spaces for 119 cars. Site coverage is approximately 34%.

In June 2017, DHL Limited took a new lease on Unit 1 for a term of 15 years, at a rent of £1,129,163 per annum. The rent equates to £11.25 per sq ft. We understand Unit 2 was developed speculatively and is currently being marketed at a quoting rent of £12.50 per sq ft.

This is a recently developed property and is of a similar size but of superior specification and eaves height in an out of town location close to the motorway junction. The building has a larger yard area with superior access and configuration, however it is less prominent than the subject property. This property was pre-let on a longer lease term than the assumed term of the subject property. Overall, we consider these points support a lower rent at the subject.

Unit B, Island Road, Reading, RG2 0RP



Date :	July 2017
Rent:	£11.40 per sq ft
Size:	72,729 sq ft
Status:	Let

Island Road is located to the south of Reading town centre on the A33 Basingstoke Road, some 2 miles north west of junction 11 of the M4.

The property comprises a new distribution warehouse completed in early 2017. It is of steel portal frame construction with 12 metre minimum eaves height and there are 3 level access loading doors plus 5 dock levellers. The building extends to 72,729 sq ft including fully fitted, high specification offices at first and second floors totalling 11,194 sq ft (15.39%). Externally, there is a large secured yard with maximum depth of 59 metres and separate parking spaces for 55 cars. Site coverage is approximately 50%.

In July 2017, Argos Limited took a new lease for a term of 10 years, at a rent of £829,111 per annum. The rent equates to £11.40 per sq ft. The rent free period was confidential.

This is a recently developed property and is smaller and of superior specification and eaves height in an out of town location close to the motorway junction. The building has a larger yard area with superior access and configuration, however it is less prominent than the subject property. This property was let on a longer lease term than the assumed term of the subject property. Overall, we consider these points support a lower rent at the subject.

Unit C, Island Road, Reading, RG2 0RP



Date :	December 2017
Rent:	£11.65 per sq ft
Size:	55,972 sq ft
Status:	Let

Island Road is located to the south of Reading town centre on the A33 Basingstoke Road, some 2 miles north west of junction 11 of the M4.

The property comprises a new distribution warehouse completed in early 2017. It is of steel portal frame construction with 12 metre minimum eaves height and there are 2 level access loading doors plus 2 dock levellers. The building extends to 55,972 sq ft including fully fitted, high specification offices at first floor totalling 5,688 sq ft (10.16%). Externally, there is a large secured yard with maximum depth of 40 metres and separate parking spaces for 66 cars. Site coverage is approximately 50%.

In December 2017, Universal Electric Corporation took a new lease for a term of 10 years, at a rent of £652,074 per annum. The rent equates to £11.65 per sq ft. The rent free period was confidential.

This is a recently developed property and is smaller of superior specification and eaves height in an out of town location close to the motorway junction. The building has a larger yard area with superior access and configuration, however it is less prominent than the subject property. This property was let on a longer lease term than the assumed term of the subject property. Overall, we consider these points support a lower rent at the subject.

Unit 10, Worton Grange, Reading, RG2 0TG


Date:	October 2017
Rent:	£10.00 per sq ft
Size:	28,700 sq ft
Status:	Let

Worton Grange is located off Imperial Way, which links to the A33, approximately 2.5 miles south of Reading town centre and 0.25 miles north of Junction 11 of the M4 in an established industrial/logistic location.

The property comprises a detached industrial unit extending to 28,700 sq ft including fully fitted ground and first floor offices totalling 5,403 sq ft developed in the late 1980's. The warehouse has a minimum clear eaves height of 6.70 metres and 6 level access loading doors. The unit has a large secured yard area and ample on site parking.

In October 2017, Volvo Trucks Ltd leased the unit for a term of 10 years, at a rent of £10.00 per sq ft subject to a confidential rent free incentive.

This is a similar aged property but is smaller and is of a comparable specification and condition and it is in a better location for motorway access. The building has a similar yard area with superior access and configuration, however it is less prominent than the subject property. This property was let on a longer lease term than the assumed term of the subject property. Overall, we consider these points support a higher rent at the subject.

8 Bridgewater Close, Reading, RG30 1JT


Date:	February 2017
Rent:	£10.00 per sq ft
Size:	31,756 sq ft
Status:	Let

Bridgewater Close is located off Portman Road, which links with the A329 Oxford Road, 1.8 miles north west of Reading town centre in an established trade counter/industrial location.

The property dating from the 1980's, comprises a detached warehouse unit of steel portal frame construction, with an integral two storey office block which has recently been refurbished by the tenant and has the benefit of D2 planning use. The warehouse has a minimum clear eaves height of 3.0 metre eaves rising to a maximum of 8.0 metres and a single level access loading door, serviced by a reasonable yard and car parking area on a 0.94 acre site.

In February 2017, Red Kangaroo Reading Ltd (Trampoline operator) took a new 15 year lease at £10.00 per sq ft. The lease is subject to a tenant's break in the 5th year.

This is a similar aged property and is smaller and of similar specification and condition plus it is in an inferior location. The building has a smaller yard area with inferior access and configuration, however it is less prominent than the subject property. This property was let on a similar length term than the assumed term of the subject property. Overall, we consider these points support a higher rent at the subject.

1 Acre Road, Reading, RG2 0SU



Date :	December 2018
Rent:	£10.50 per sq ft
Size:	66,559 sq ft
Status:	Available

Acre Road is located just off the A33, approximately 1 mile to the north of Junction 11 of the M4 some 2 miles to the south of Reading town centre in an established industrial location.

The property comprises a recently refurbished detached warehouse extending to 66,559 sq ft including ground and first floor offices totalling 11,116 sq ft (17%). The warehouse has a minimum eaves height of 6.75 metres rising to 8.5 metres to the apex, with 4 covered level access loading doors. Externally, there is a good sized secure yard and surface parking spaces for 60 cars.

The property is available at a quoting rent reflecting £10.50 per sq ft.

This is a more modern property of superior specification and condition and is in a good location for access to the motorway. The building has a similar yard area with similar access and configuration. Overall, we consider these points support a similar rent at the subject.

- 3.4 Second hand, albeit refurbished warehouse/industrial space in Reading has achieved £10.00 per sq ft recently as indicated above at Worton Grange and Bridgewater Close. Quoting rents of £10.50 per sq ft are being sought for larger refurbished units such as 1 Acre Road in out of town locations on established industrial estates although none of these have the benefit of a strategic central town centre location such as the subject property.
- 3.5 Rents of circa £11.25-£11.75 per sq ft were achieved in 2017 and quoting rents are now in the region of £12.50-£13.50 per sq ft for new or modern distribution space in prime industrial locations as evidenced by the lettings at the Island Green development which are geared to large scale logistics which require easy access to the motorway network. Hence the rents being achieved and quoted are higher than that applicable to the subject property and more akin to the stronger locations in the M4 corridor and west London around Heathrow.
- 3.6 Typically, modern occupiers of units in excess of 50,000 sq ft desire an eaves height of 7.5 metres or greater, the effective use of the floor area can be maximised by installing a mezzanine which means occupiers may look for 10 metre eaves. Furthermore, good yard provision is required for distribution uses to enable lorry

parking and circulation as well as loading. Modern distribution units often target 50 metre yard depths, however this is frequently not possible in town centre locations due to restrictions on the size of the plot. Dock levellers as well as level access loading doors offers the greatest flexibility and allows the effective use of HGVs.

- 3.7 In its existing state the property is unlikely to meet typical modern, distribution requirements, and the building has not been refurbished since the previous tenant Network Rail took occupation in 2009. Nevertheless with the rise of online retailers offering 'same day' and 'next hour' delivery, the demand for 'last-mile' distribution buildings has increased over the last 18-24 months. Such a use relies less on HGVs for goods in and goods out, and instead relies on more frequent visits by smaller, parcel delivery trucks, vans and even cars.
- 3.8 The subject property has a constricted yard in terms of its depth, provision for lorry parking and ingress/egress to both Caversham Road and Vastern Road making it less suitable for HGVs and more suitable for smaller trucks and vans. Reducing the size of delivery vehicles inevitably increases the frequency of vehicle movements and thus would increase traffic in the area. However, access is possible from both Caversham Road and Vastern Road, meaning circulation should be sufficient for an occupier. Additionally, the car park provision at the property should suit as it allows cars and vans to park and wait on site rather than blocking the surrounding roads.
- 3.9 Despite being refurbished over 10 years ago, the office and ancillary accommodation presents already as dated and could potentially require updating in terms of installation of LED lighting, suspended ceilings, updated air conditioning, new hot water radiators, and new double glazed windows in order to let. Once the previous tenant's fixtures and fittings by way of overhead walkways, mezzanines and gantries are removed, the warehouse would provide flexibility for sub-division and present well.

The office building may not be required for use as offices by a future occupier of the site, hence we have adopted an overall rent in arriving at the Market Rent.

The delivery of CrossRail in the next couple of years will improve the connectivity of Reading further and it is forecast that rents on commercial properties near to CrossRail stations will increase by 10% above the standard growth forecasts.

3.10 Our opinion of the Market Rent of the property is based upon the following:

Table 2: Market Rent breakup

Floor	Area Sq Ft (GIA)	Rent per sq ft	Market Rent
Warehouse	95,000	£11.00	£1,045,000
Offices	30,000	£11.00	£330,000
			£1,375,000
Say	125,000		£1,375,000

- 3.11 In arriving at our opinion of Market Rent, we have assumed a lease term of 5 years certain, being the best available terms in the market. The rental figures are based on a headline basis.
- 3.12 Please note that our opinion of Market Rent has been arrived at, assuming a letting of the whole, as set out in the table above.

Investment market

Background

- 3.13 Single well-let distribution units continue to be actively sought after by investors but there has been a notable lack of stock, leading to competition driving up prices, even where the tenant's covenant is not recognised as strong. While yields on the best long-let prime stock have reached very low levels, with single-let distribution yields at 4.00%, it is the higher-yielding secondary estates and distribution facilities that have seen the greatest yield compression in recent months, in part reflecting the lack of prime stock available to purchase.
- 3.14 Monthly total returns for the UK industrial sector reached 1.2% in December. Momentum in the sector slowed, but nonetheless, the UK industrial sector continues to record strong above long-term average investment returns and outperform the wider UK real estate market.
- 3.15 According to Property Data, investment volumes for 2018 reached £8.4 billion, with the majority of investment from UK Institutions (31.1%) and Private Property Companies (18.4%).
- 3.16 Investor demand in the Western Corridor market continues at high levels given the strong occupational fundamentals driving rental growth in the region. Over the majority of 2018, the keen prices evidenced in the West London market has caused investor demand to move out into the sub markets of Reading and Slough and has therefore led to an upward pressure on pricing.
- 3.17 Our valuation is on the assumption that the current use continues and disregards any prospect of development other than continuation/expansion of the current use. We have therefore only had regard to sales of industrial properties where we consider the purchaser would not be considering alternative development.

3.18 In looking at the property as an investment, we have taken into account recent market movements and in addition, have had regard to the following sales:

Units 1-3, Slough Interchange Industrial Estate, Slough SL2 5EP				
	Status:	Sold	Date:	August 2018
	Title:	Freehold	Size:	46,162 sq ft
	Tenant:	AGI World Ltd		
	Rent PA:	£415,458	Rent PSF:	£9.00
	Purchaser:	TH Real Estate	Vendor:	Aviva Investors
	Price:	£10,000,000	Term Certain:	VP in November 2018
	NIY:	3.89%	Capital Value:	£216.63 per sq ft

The property comprises a terrace of three industrial units developed in 2004, located on Whittenham Close to the north east of Slough town centre, 300 metres from Slough railway station in a mixed use area. The units are of steel portal frame construction, offering a clear internal eaves height of 8.9 metres rising to a maximum of 11.2 metres and total 46,162 sq ft with integral 1st floor offices of 5,443 sq ft. The site extends to 1.47 acres. The tenant is not in occupation and has served notice to break in November 2018 and the unit has a Market Rent of c. £12.00 psf.

The comparable unit is located in a similar location in Slough town centre close to the railway station and has a high site coverage of 72%. It is more modern and smaller than the subject property but is less prominent, being part of the Slough Interchange Estate. It is likely that the purchaser of this property would seek to refurbish and re-let due to the flexibility of splitting the unit into smaller sizes and the established industrial use within the immediate area. We consider the subject property would achieve a similar capital value per sq ft despite its older specification, due to its superior situation.

Action Court, 1 & 2, Action Court, Ashford, Middlesex TW15 1XS



Status:	Sold	Date:	January 2018
Title:	Freehold	Size:	51,192 sq ft
Tenant:	Geodis Wilson UK Limited		
Rent PA:	£550,000 pa	Rent PSF:	£10.74 per sq ft
Purchaser:	Valor Real Estate Partners LLP	Vendor:	Aviva Investors
Price:	£10,150,000	Term Certain:	1 year
NIY:	5.07%	Capital Value:	£198.27 per sq ft

It comprises two detached warehouse units, extending to circa 25,000 sq ft each, in Ashford within the London Borough of Spelthorne, around 4 miles east of the M25 motorway at Junction 13, 2 miles west of Junction 1 on the M3 motorway and 5 miles south of Junction 3 of the M4 motorway. The units totalling 51,192 sq ft are of steel portal frame construction and have 6.3 metre eaves, rising to 8.68 metres at the apex, 3 level access loading doors, and a fully fitted two storey office/amenity block. The units are separated by a concrete loading yard and there is an additional yard to the side of Unit 1; to the front, each unit has a separate brick paved surface car parking area. The total site area is approximately 2.65 acres with a site density of 44%.

Both units are let to the same tenant on 2 co-terminus leases that expire in January 2020 with tenant breaks in January 2019 therefore providing 1 year term certain. The tenant has vacated and sub-let Unit 2. The sale price equates to £187.50 per sq ft capital value plus 12 month's income. The property has a Market Rent of £11.50 per sq ft.

The comparable is located in a similar prime south east location, within the M25 and close to motorway junctions and Heathrow Airport, but comprises two smaller and more modern units, which are let albeit only for 2 years to expiries or 1 year to break at the time of sale. Action Court is less prominent than the subject, being located away from a main road and situated between Queen Mary Reservoir and Ashford Common water Treatment Works outside Sunbury-on-Thames. The property is reversionary and higher rents could be achieved in the near future. We consider the subject property would achieve a marginally higher capital value per sq ft due to its size and more prominent location.

12 Waxlow Road, London, NW10 7NU



Status:	Sold	Date:	December 2018
Title:	Freehold	Size:	42,889 sq ft
Tenant:	AFM Group Limited		
Rent:	£440,000 pa	Rent:	£10.25 per sq ft
Purchaser:	Hermes	Vendor:	Kingston Estates Ltd
Price:	£14,650,000	Term Certain:	5.4 years
NIY:	2.89%	Capital Value:	£341.58 per sq ft

This comprises a more modern unit in Park Royal, let for over 5 years to a reasonable covenant. The August 2018 rent review is to the higher of 105% of the passing rent or open market rent plus 5% and the vendor is offering to top up to the minimum increase. The property sold ahead of the quoting level at a low initial yield, which reflects the reversionary potential of the asset and was let for 5 years in a more established prime London location. We therefore consider the subject property would achieve a higher yield due to its relative location outside London.

Deacon Way Industrial Estate, Deacon Way, Reading



Status:	Sold	Date:	September 2018
Title:	Long leasehold (999 years)	Size:	72,910 sq ft
Tenant:	Multi-let		
Rent:	£545,916 pa	Rent:	£7.50 per sq ft
Purchaser:	Allianz Properties Ltd	Vendor:	Canmoor
Price:	£11,400,000	Term Certain:	4.80 years
NIY:	4.49%	Capital Value:	£156.36 per sq ft

The property comprises an estate of 8 units totalling 72,910 sq ft dating from the 1990's on a 6.62 acre site providing a density of 36%. Each unit has a minimum eaves height of 5 metres, 2/3 loading doors, office content of between 5-10% and secure yards. The property is located 1.25 miles to the west of the town centre just off the A329 Oxford Road. The estate is multi-let to 6 tenants with 2 units having been sold off on a long leasehold interest. The most recent letting on the estate was for 26,430 sq ft, which was let from January 2018 at £8.01 per sq ft. If the subject was let for 5 years we consider it would achieve a yield lower than this initial yield due its superior town centre location. The capital value per sq ft is lower at the comparable due to the lower Market Rent and inferior location outside of Reading.

Focal Point, Fleming Way, Crawley, RH10 9DF


Status:	Sold	Date:	January 2018
Title:	Freehold	Size:	71,061 sq ft
Tenant:	DPD Group UK Limited, Fray & Sons		
Rent:	£579,042 pa	Rent:	£8.15 per sq ft
Purchaser:	Valor Real Estate Partners LLP	Vendor:	
Price:	£17,499,320	Term Certain:	4.7 years
NIY:	3.10%	Capital Value:	£246 per sq ft

It comprises a 2 unit scheme of 30,395 sq ft and 40,666 sq ft, constructed in 1999 located in Manor Royal, Crawley with easy access to Junctions 10, 10A and 11 of the M23 motorway. The units have 8.0 metres eaves, 2 dock level and 2 level access loading doors, and a rear loading yard with circa 40 metre depths. The comparable is fully let to 2 tenants, one of good and one of reasonable covenant strength, with a WAULT of 4.7 years to break (in 2020 on Unit 200) and 6.9 years to expiries and is reversionary. The next rent reviews are in 2019, and 2020 (if not broken). We consider the subject property would achieve a higher initial yield if let for 5 years.

Nexus Park, Hambridge Road, Newbury, RG14 5TR



Status:	Sold	Date:	July 2018
Title:	Freehold	Size:	189,540 sq ft
Tenant:	Multi-let – 109,739 sq ft let to SPX International Ltd		
Rent:	£1,408,763 pa	Rent:	£7.43 per sq ft
Purchaser:	Hermes	Vendor:	Canmoor
Price: (SPX apportioned)	£12,500,000	Term Certain:	3 years to a break
NIY: (apportioned for SPX)	4.95%	Capital Value:	£114 per sq ft

It comprises a new build 7 unit warehouse scheme of 79,801 sq ft and a detached 1960's 109,739 sq ft warehouse, located off Hambridge Road to the east of Newbury town centre. The SPX unit in isolation comprises eaves height of 8.5 metres, 14 level access loading doors, 2 storey offices (21% content) and a large secure yard with depth to 64 metres. The entire estate in total sold for £27.3 million, which reflected 4.83% NIY. Three of the new build units are let with a WAULT of 14.80 years, whilst 4 units are vacant and subject to rent guarantees for 12 months. Our apportioned price reflects 3.71% NIY, 4.72% EY and £185.70 capital value per sq ft. We have looked at the apportioned price of the SPX unit as comparable evidence. We consider the subject property would achieve a lower initial yield if let for 5 years due to its superior location in Reading town centre and higher Market Rent.

Matthew Clark Bibendum Ltd, Central Way, Park Royal, London NW10 7XN

	Status:	Under offer	Date:	February 2019
	Title:	Freehold	Size:	78,619 sq ft
	Tenant:	Matthew Clark Bibendum Ltd		
	Rent:	£1,190,000 pa	Rent:	£15.00 per sq ft
	Purchaser:	N/A	Vendor:	Aberdeen Standard
	Quoting Price:	£29,000,000	Term Certain:	4.16 years
	NIY:	3.85%	Capital Value:	£369 per sq ft

It comprises a modern purpose built warehouse unit totalling 78,619 sq ft of steel portal frame construction with a minimum eaves height of 9.0 metres, 10 dock loading and 3 level access loading doors, a large secure yard with a depth of 90 metres on a site of 4.52 acres providing 36% density. The unit benefits from fully fitted 3 storey integral offices totalling 10,505 sq ft (13%) and a car park for 95 spaces. The property is located in the heart of established Park Royal industrial estate to the west of London, which will benefit from CrossRail in the future. We understand that there have been a number of bids at higher than the quoting price and that the property is under offer in the region of 3% NIY. We consider the subject property would achieve a lower capital value per sq ft and higher initial yield if let due to the superior Park Royal location and higher rent passing.

- Conclusion**
- 3.19 In coming to our opinion of value, we have had regard to the comparables at Slough and Ashford, where the tenants have vacated and the sale prices represent £216.63 and £198.27 respectively. We consider the subject property would achieve a similar capital value per sq ft to Slough and a higher capital value per ft to Ashford.
- 3.20 We have also had regard to sales of properties that are let for around 5 years. The evidence has a range of yields of between 2.89% NIY and 4.95% NIY. We have adopted a capitalisation rate of 4.4%, which is discounted for risk from 4%, which based on the evidence, we consider would be the appropriate yield were the property let for 5 years. This 50 bps lower than the sale of Deacon Way, due to the superior town centre location. It is 95 bps lower than the apportioned sale price on SPX, Nexus Park, due to the far superior Reading town centre location and better real estate.

4 Valuation

Methodology

- 4.1 Our valuation has been undertaken using appropriate valuation methodology and our professional judgement.
- Investment method**
- 4.2 Our valuation has been carried out using the comparative and investment methods. In undertaking our valuation of the property, we have made our assessment on the basis of a collation and analysis of appropriate comparable investment and rental transactions, together with evidence of demand within the vicinity of the subject property. With the benefit of such transactions we have then applied these to the property, taking into account size, location, terms, covenant and other material factors.

Valuation considerations

- 4.3
- Property is held under Freehold title.
 - Strategic town centre Thames Valley location.
 - Good road links, being situated on the main road out of Reading that links with the M4 junctions to the south.
 - Building vacant since August 2018.
 - Property not refurbished when previous tenant vacated. The warehouse presents well but the offices appear somewhat dated and could be updated with new lighting, heating and double-glazed windows.
 - Building is now over 30 years old, having been built in the mid-1980's.
 - Building is in a reasonable condition given its age and previous use.

- Potential for single occupancy for use as a 'last mile' delivery centre.
- Will benefit from completion of CrossRail.
- We are assuming a 12 month void for marketing and letting and a 6 months' rent free period for a new letting of 5 years.
- We consider the Market Rent to be £11.00 per sq ft on a headline basis for the whole on the basis of a single letting in its current use.
- We have applied 15% legal and letting fees.
- We have adopted a capitalisation rate of 4.40%, on the basis that the property is vacant.
- The value of £27,000,000 breaks back to a capital value of circa £216 per sq ft.

SWOT analysis

Strengths	Weaknesses
• Strategic town centre location adjoining major railway station • Suitable for 'last mile' distribution • Good parking provision for cars and vans on site	• Vacant and non-income producing • Building dates from the 1980's and so is over 30 years old • No dock levellers, only level access loading doors • Constricted yard
Opportunities	Threats
• Let as single unit • Sub-divide and multi-let. • Benefit from CrossRail once complete	• Costs to sub-divide make doing so unviable • Prolonged void with associated costs

Valuation bases

Market Value	4.4	Market Value is defined within RICS Valuation - Professional Standards as: "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."
Current Use Value	4.5	Defined within the RICS Guidance Note – Financial Viability in Planning (GN94/2012), is the Market Value on the special assumption that it reflects the current use of the property only and disregards any prospect of development other

than for continuation/expansion of the current use. This is required, we understand, for evaluating the impact of planning obligations, including affordable housing and other Section 106 requirements, on the financial viability of the proposed redevelopment of the property to include residential use, for which planning permission is being sought.

- Market Rent** 4.6 Market Rent is defined within RICS Valuation - Professional Standards as:
- "The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Valuation date

- Valuation date** 4.7 The valuation date is 14 December 2018.

Market Value

- Assumptions** 4.8 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our Terms of Engagement letter and within this report.
- Key assumptions** 4.9 Whilst we have not provided a summary of all these assumptions here, we would in particular draw your attention to key assumptions that:
- The property is free from any significant defects
 - The property is free from contamination
- Special assumption** 4.10 As instructed by you, our valuation is undertaken on the following special assumption:
- To have regard to the current use only of the property and to disregard any prospect of development other than for continuation/expansion of the current use.
- Market Value on special assumption** 4.11 We are of the opinion that the Market Value of the freehold interest in the property, with vacant possession and on the special assumption as detailed above, at the valuation date is:
- £27,000,000 (Twenty Seven Million Pounds).**
- 4.12 The above has been calculated after allowing for purchaser's costs, in accordance with standard market practice. These comprise Stamp Duty Land Tax of 2.00% for the portion of value from £150,000 to £250,000 and 5.00% above £250,000, agent's fees of 1.00% and legal fees of 0.50% with VAT of 20% on the agents and legal fees.
- 4.13 Our opinion of Current Use Value equates to a capital value of £216 per sq ft.
- Hope value** 4.14 We draw to your attention that the Current Use Value figure reported above specifically excludes any element of hope value, relating to potential for redevelopment.

Market Rent

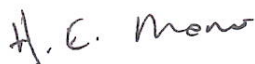
- 4.15 We are of the opinion the Market Rent of the property, as at the valuation date, is:
£1,375,000 per annum (One Million Three Hundred and Seventy Five Thousand Pounds per annum).
- 4.16 In arriving at our opinion of Market Rent, we have assumed a lease term of 5 years, as being the best available terms in the market. The rental figures are based on a headline basis.
- 4.17 Please note that our opinion of Market Rent has been arrived at, assuming a letting of the whole following refurbishment.

Risks relating to the terms of the instruction

Limited Information

- 4.18 Upon your instructions, our valuation has been undertaken with limited information provided to us. This means that there is a higher than normal degree of uncertainty attached to our opinion of value and limits the reliance, which should be placed upon our report.

Signature

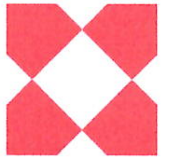
A handwritten signature in black ink, appearing to read "H. E. Morris".

Hazel Morris MRICS

RICS Registered Valuer

Partner, Valuation & Advisory

For and on behalf of Knight Frank LLP



Appendix 1 - General Terms of Business

General Terms of Business for Valuation Services

These General Terms of Business (the "**General Terms**") and our engagement letter (the "**Letter**") together form the agreement between you and us (the "**Agreement**"). References to "**you**", "**your**" etc. are to persons or entities who are our client and, without prejudice to clauses 3 and 4 below, to any persons purporting to rely on our Valuation.

Unless the context otherwise requires, all other terms and expressions used but not defined herein shall have the meaning ascribed to them in the Letter.

When used herein or in the Letter, the term "**Valuation**" shall mean any valuation report, supplementary report or subsequent/update report, produced pursuant to our engagement and any other replies or information we produce in respect of any such report and/or any relevant property. Any words following the terms "**including**", "**in particular**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

All of the terms set out in these General Terms shall survive termination of the Agreement.

1. Knight Frank

- 1.1 Knight Frank LLP ("**Knight Frank**", "**our**", "**us**", "**we**") is a limited liability partnership with registered number OC305934; this is a corporate body which has *members* and not *partners*.
- 1.2 Our registered office is at 55 Baker Street, London W1U 8AN where a list of members may be inspected.
- 1.3 Any representative of Knight Frank described as *partner* is either a member or an employee of Knight Frank and is not a partner in a partnership. The term *partner* has been retained because it is an accepted way of referring to senior professionals. The term "**Knight Frank Person**" shall, when used herein, mean any member, employee, "*partner*" or consultant of Knight Frank.
- 1.4 Our VAT registration number is 238 5156 53.
- 1.5 The details of our professional indemnity insurance specified in the Provision of Services Regulations 2009 will be provided to you on request by Natalie Jordan, Partner, Secretariat & Pensions.
- 1.6 Knight Frank is registered for regulation in the United Kingdom by the Royal Institution of Chartered Surveyors ("**RICS**"). Any Valuation provided by us may be subject to monitoring under RICS Valuer Registration. In accordance with our obligations it may be necessary to disclose valuation files to RICS. By instructing us you give us your permission to do so. Where possible we will give you prior notice before making any such disclosure, although, this may not always be possible. We will use reasonable endeavours to limit the scope of any such disclosure and to ensure any disclosed documents are kept confidential.
- 1.7 Valuations will be carried out in accordance with the relevant edition of the RICS Valuation - Professional Standards (the "**Red Book**") by valuers who conform to its requirements and with regard to relevant statutes or regulations.
- 1.8 As required by RICS, a copy of our complaints procedure is available on request.

2. Governing law and jurisdiction

- 2.1 The Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation or any Valuation shall be governed by and construed in accordance with English law.
- 2.2 The courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Agreement or its subject matter or formation or any Valuation. This will apply

wherever the relevant property or the client, or any relevant third party, is located or the service is provided.

3. Limitations on liability

- 3.1 Subject to clause 3.8, our maximum total liability in connection with or arising out of this Agreement and/or its subject matter and/or the Valuation is limited to the higher of £1 million or fifty times our fee as set out in the Letter.
- 3.2 Subject to clause 3.8, we will not be liable for any loss of profits or for indirect or consequential loss.
- 3.3 Our liability to you shall be reduced to the extent that we prove that we would have been able to claim a contribution pursuant to the Civil Liability (Contribution) Act 1978 from one or more of the other professionals instructed by you in relation to any relevant property and/or the Purpose (and in each case if, as a result of an exclusion or limitation of liability in your agreement with such professional, the amount of such contribution would be reduced, our liability to you shall be further reduced by the amount by which the contribution we would be entitled to claim from such professional is reduced).
- 3.4 Subject to clause 3.8, any limitation on our liability will apply however such liability is or would otherwise have been incurred, whether in contract, tort (including negligence), for breach of statutory duty, or otherwise.
- 3.5 Except as set out in clauses 3.6 and 4.7 and 4.8 below no third party shall have any right to enforce any of the terms of this Agreement, whether under the Contracts (Rights of Third Parties) Act 1999 or otherwise.
- 3.6 No claim arising out of or in connection with this Agreement may be brought against any Knight Frank Person. Those individuals will not have a personal duty of care to you or any other person and any such claim for losses must be brought against Knight Frank. Any Knight Frank Person may enforce this clause under the Contracts (Rights of Third Parties) Act 1999 but the terms of this Agreement may be varied by agreement between the client and Knight Frank at any time without the need for any Knight Frank Person to consent.
- 3.7 No claim, action or proceedings arising out of or in connection with the Agreement and/or any Valuation shall be commenced against us after the expiry of the earlier of (a) six years from the Valuation Date (as set-out in the relevant Valuation) or (b) any limitation period prescribed by law.
- 3.8 Whether or not specifically qualified by reference to this clause, nothing in the Agreement shall exclude or limit our liability in respect of fraud, or for death or personal injury caused by our negligence or negligence of those for whom we are responsible, or for any other liability to the extent that such liability may not be so excluded or limited as a matter of applicable law.

4. Purpose, reliance and disclosure

- 4.1 The Valuation is prepared and provided solely for the stated purpose. Unless expressly agreed by us in writing, it cannot be relied upon, and must not be used, for any other purpose and, subject to clause 3.8, we will not be liable for any such use.
- 4.2 Without prejudice to clause 4.1 above, the Valuation may only be relied on by our Client. Unless expressly agreed by us in writing the Valuation may not be relied on by any third party and we will not be liable for any such purported reliance.
- 4.3 Subject to clause 4.4 below, the Valuation is confidential to our Client and must not be disclosed, in whole or in part, to any third party without our express written consent (to be granted or withheld in our absolute discretion). Subject to clause 3.8, no liability is accepted to any third party for the whole or any part of any Valuation disclosed in breach of this clause.

- 4.4 Notwithstanding any statement to the contrary in the Agreement, you may disclose documents to the minimum extent required by any court of competent jurisdiction or any other competent judicial or governmental body or the laws of England.
- 4.5 Neither the whole nor any part of the Valuation and/or any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any website) without our prior written consent and approval of the form and context in which it may appear.
- 4.6 Where permission is given for the publication of a Valuation neither the whole nor any part thereof, nor any reference thereto, may be used in any publication or transaction that may have the effect of exposing us to liability for actual or alleged violations of the Securities Act 1933 as amended, the Securities Exchange Act of 1934 as amended, any state Blue Sky or securities law or similar federal, state provincial, municipal or local law, regulation or order in either the United States of America or Canada or any of their respective territories or protectorates (the "**Relevant Securities Laws**"), unless in each case we give specific written consent, expressly referring to the Relevant Securities Laws.
- 4.7 You agree that we, and/or any Knight Frank Person, may be irreparably harmed by any breach of the terms of this clause 4 and that damages may not be an adequate remedy. Accordingly, you agree that we and/or any Knight Frank Person may be entitled to the remedies of injunction or specific performance, or any other equitable relief, for any anticipated or actual breach of this clause.
- 4.8 You agree to indemnify and keep fully indemnified us, and each relevant Knight Frank Person, from and against all liabilities, claims, costs (including legal and professional costs), expenses, damages and losses arising from or in connection with any breach of this clause 4 and/or from the actions or omissions of any person to whom you have disclosed (or otherwise caused to be made available) our Valuation otherwise than in accordance with this clause 4.
- 5. Knight Frank network**
- 5.1 Knight Frank LLP is a member of an international network of independent firms which may use the "Knight Frank" name and/or logos as part of their business name and operate in jurisdictions outside the United Kingdom (each such firm, an "**Associated Knight Frank Entity**").
- 5.2 Unless specifically agreed otherwise, in writing, between you and us: (i) no Associated Knight Frank Entity is our agent or has authority to enter into any legal relations and/or binding contracts on our behalf; and (ii) we will not supervise, monitor or be liable for any Associated Knight Frank Entity or for the work or actions or omissions of any Associated Knight Frank Entity, irrespective of whether we introduced the Associated Knight Frank Entity to you.
- 5.3 You are responsible for entering into your own agreement with any relevant Associated Knight Frank Entity.
- 5.4 This document has been originally prepared in the English language. If this document has been translated and to the extent there is any ambiguity between the English language version of this document and any translation thereof, the English language version as prepared by us shall take precedence.
- 6. Severance**
- If any provision of the Agreement is invalid, illegal or unenforceable, the parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable and, to the greatest extent possible, achieves the intended commercial result of the original provision. If express agreement regarding the modification or meaning or any provision affected by this clause is not reached, the provision shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision shall be deemed deleted. Any modification to or deletion of a provision under this

clause shall not affect the validity and enforceability of the rest of this Agreement.

7. Entire agreement

- 7.1 The Agreement, together with any Valuation produced pursuant to it (the Agreement and such documents together, the "**Contractual Documents**") constitute the entire agreement between you and us and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between you and us, whether written or oral, relating to its subject matter.
- 7.2 Subject to clause 3.8 above, you agree that in entering into the Agreement you do not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not expressly set out in the Contractual Documents. You further agree that you shall have no claim for innocent or negligent misrepresentation based on any statement set out in the Contractual Documents.
- 7.3 The Letter and these General Terms shall apply to and be incorporated in the contract between us and will prevail over any inconsistent terms or conditions contained or referred to in your communications or publications or which would otherwise be implied. Your standard terms and conditions (if any) shall not govern or be incorporated into the contract between us.
- 7.4 Subject to clause 3.8 and clause 6, no addition to, variation of, exclusion or attempted exclusion of any of the terms of the Contractual Documents will be valid or binding unless recorded in writing and signed by duly authorised representatives on behalf of the parties.
- 8. Assignment**
- You shall not assign, transfer, mortgage, charge, subcontract, declare a trust over or deal in any other manner with any of the rights and obligations under the Agreement without our prior written consent (such consent to be granted or withheld in our absolute discretion).
- 9. Force majeure**
- Neither party shall be in breach of this Agreement nor liable for delay in performing, or failure to perform, any of its obligations under this Agreement if such delay or failure results from events, circumstances or causes beyond its reasonable control.
- 10. Our fees**
- 10.1 Without prejudice to clause 10.3 below, you become liable to pay our fees upon issuance of the Valuation. For the avoidance of doubt, unless expressly agreed otherwise in writing, the payment of our fees is not conditional on any other events or conditions precedent.
- 10.2 If any invoice remains unpaid after 30 days of the date on which it is presented, we reserve the right to charge interest, calculated daily, from the date when payment was due until payment is made at 4% above the then prevailing bank base rate of National Westminster Bank PLC or (if higher) at the rate provided for under the Late Payment of Commercial Debts (Interest) Act 1998 and its regulations (if applicable).
- 10.3 If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.
- 10.4 If before the Valuation is concluded you end this instruction, we will charge abortive fees (calculated on the basis of a proportion of the total fee by reference to reasonable time and expenses incurred), with a minimum charge of 50% of the full fee if we have already inspected the property (or any property, if the instruction relates to more than one).
- 10.5 If you delay the instruction by more than 30 days or materially alter the instruction so that additional work is required at any stage or if we are instructed to carry out additional work that we consider (in our reasonable opinion) to be either beyond the scope of providing

the Valuation or to have been requested after we have finalised our Valuation (including, but not limited to, commenting on reports on title), we will charge additional fees for this work. Such additional fees will be calculated on the basis of a proportion of the total fee by reference to reasonable time and expenses incurred.

- 10.6 Where we agree to accept payment of our fees from a third party, such fees remain due from you until payment is received by us.

11. Anti-bribery and corruption

- 11.1 We agree that throughout the term of our appointment we shall:

- (a) comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and anti-corruption including but not limited to the Bribery Act 2010, (the "Relevant Requirements");
- (b) not engage in any activity, practice or conduct which would constitute an offence under sections 1,2 or 6 of the Bribery Act 2010 if such activity, practice or conduct had been carried out in the UK;
- (c) maintain anti-bribery and anti-corruption policies to comply with the Relevant Requirements and any best practice relating thereto; and
- (d) promptly report to you any request or demand for any undue financial or other advantage of any kind in connection with the performance of our services to you.

12. Portfolios

Properties comprising a portfolio, unless specifically agreed with you otherwise, will be valued separately and upon the assumption that the properties have been marketed individually and in an orderly manner.

13. Land Register inspection and searches

We are not required to undertake searches or inspections of any kind (including web based searches) for title or price paid information in any publicly available land registers, including the Land Registry for England & Wales, Registers of Scotland and Land & Property Services in Northern Ireland.

14. Title and burdens

We will assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoing, planning proposals, onerous restrictions or local authority intentions which affect the property, nor any material litigation pending.

15. Disposal costs and liabilities

No allowance is made in our Valuation for expenses of realisation or for taxation which may arise in the event of a disposal and our Valuation is expressed as exclusive of any VAT that may become chargeable. Properties are valued disregarding any mortgages or other charges.

16. Sources of information

We rely upon the information provided to us, by the sources listed, as to details of tenure and tenancies, planning consents and other relevant matters, as summarised in our Valuations. We assume that this information is complete and correct.

17. Identity of property to be valued

We will exercise reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

18. Boundaries

Plans accompanying Valuations are for identification purposes only and must not be relied upon to define boundaries, title or easements.

The site is identified or outlined by reference to information given to us and/or our understanding of the extent of the site.

19. Planning, highway and other statutory regulations

- 19.1 Enquiries of the relevant Planning and Highways Authorities in respect of matters affecting properties, where considered appropriate, are normally only obtained verbally or from a Local Authority web site, and this information is given to us, and accepted by us, on the basis that it should not be relied upon. Written enquiries can take several weeks for a response and incur charges. We recommend that formal written enquiries should be undertaken by your solicitors who should also confirm the position with regard to any legal matters referred to in our Valuations.

- 19.2 We assume that properties have been constructed, or are being constructed, and are occupied or used in accordance with the appropriate consents and that there are no outstanding statutory notices.

- 19.3 We assume that the premises comply with all relevant statutory requirements including fire and building regulations.

20. Property insurance

Our Valuation assumes that each property would, in all respects, be insurable against all usual risks including terrorism, ground instability, flooding and rising water table at normal, commercially acceptable premiums.

21. Building areas and age

Where so instructed, areas provided from a quoted source will be relied upon. Any dimensions and areas measured on location or from plan are calculated in accordance with or by reference to the current RICS Code of Measuring Practice and are quoted to a reasonable approximation, with reference to their source. Where the age of the building is estimated, this is for guidance only.

22. Structural condition

Building, structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal remit of a valuation. Since we will not have carried out any of these investigations (except where we separately agree in writing and are instructed to do so), we are unable to report that any property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report provided to us in advance, or any defects or items of disrepair of which we are advised or which we note during the course of our valuation inspections but otherwise assume properties to be free from defect.

23. Ground conditions

Unless informed otherwise in writing, we assume there to be no adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

24. Environmental issues

- 24.1 Investigations into environmental matters by suitably qualified environmental specialists would usually be commissioned by most responsible purchasers or chargees of higher value properties or where there was any reason to suspect contamination or a potential future liability (whether following review of the environmental searches which should always be carried out by any purchaser/chargee or their legal advisors, or for other reasons). Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our Valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful

contamination encountered during the course of our valuation enquiries.

24.2 However, we are not environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination or any other environmental searches. If we are not provided with the results of appropriate investigations as outlined above and where there is no obvious indication of harmful contamination, our Valuation will be provided on the assumption that the relevant property is unaffected. Where we are informed that contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the Valuation will be qualified by reference to appropriate sections of the Red Book.

25. Minerals, timber, airspace etc.

Unless specifically agreed otherwise in writing and so stated within the main body of the relevant Valuation, we do not value or attempt to value or take into account any potential income stream or other beneficial or detrimental effect or other factor relating to undiscovered or unquantified mineral deposits, timber, airspace, sub-ground space or any other matter which would not be openly known in the market and considered to have value.

26. Legal advice

26.1 We are appointed to provide valuation opinion(s) in accordance with our professional duties as surveyors. The scope of our service is limited accordingly. We are not qualified legal practitioners and we do not provide legal advice and any statements made by us, or advice given, in a legal context should be construed accordingly.

26.2 Where appropriate we will liaise with your legal advisors. However, we accept no responsibility for any work carried out by them and we will not be liable for anything contained in legal documentation prepared by them.

26.3 Where we consider it is necessary for the provision of the Valuation and/or specifically agree to do so, and any additional fees we require for this work are agreed, we will read legal documents (including leases, licences etc.), however, (save for any comment concerning the impact of our interpretation of such documents on value) our interpretation of such documents cannot be relied upon to be legally correct. Where we do interpret legal documents, we will, for the purposes of providing our Valuation, assume our interpretation to be correct.

27. Covenant

We reflect our general appreciation of potential purchasers' likely perceptions of the financial status of tenants. However, we do not carry out detailed investigations as to the financial standing of the tenants, except where specifically instructed, and assume, unless informed otherwise, that in all cases there are no significant arrears of payment and that they are capable of meeting their obligations under the terms of leases and agreements.

28. Loan security

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

29. Build cost information

In the provision of valuation services we do not hold ourselves out to have expertise in assessing build costs. Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. The Valuation will be

stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. Build costs produced using this approach must be assumed to be unreliable or inaccurate; any reliance which can be placed upon our Valuation in these circumstances is severely restricted. Specialist professional advice on the build costs should be sought by you. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our Valuation.

30. Reinstatement assessments

A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose. If an indication is required as a check against the adequacy of existing cover this should be requested and will be so stated in the body of the relevant Valuation. Any indication given is provided for guidance only and must not be relied upon as the basis for insurance cover. In any event, our reinstatement assessment should be compared with the owner's and if there is a material difference, then a full reinstatement valuation should be reconsidered.

31. Comparable evidence

Where comparable evidence information is included in our Valuation, this information is often based upon our oral enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where we had reason to believe it or where it was in accordance with our expectation. In addition, we have not inspected comparable properties.

32. Valuation bases

Valuations are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions contained in the Red Book. The basis of valuation will be agreed with you and specified in the Letter and in the relevant Valuation.

Important Notice

If you have any queries relating to this Agreement please let us know as soon as possible and in any event before signing the Letter and/or giving us instructions to proceed.

Your instructions to proceed (howsoever received, whether orally or in writing) will constitute your offer to purchase our services on the terms of the Agreement.

Accordingly, our commencement of work pursuant to your instructions shall constitute acceptance of your offer and as such establish the contract between us on the terms of the Agreement

Appendix 2 - Photographs



Image: Eastern Elevation



Image: Southern Elevation



Image: Typical Office



Image: Staff Canteen



Image: Access from Caversham Road



Image: Access to Vastern Road



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Dear Sirs

Planning Application 18/2252 – Reading Metropolitan

We act on behalf of Hermes Property Unit Trust (HPUT) in respect of land at the former Royal Mail Sorting Office in Caversham Road, Reading (the Property). Our client purchased the Property in 2012 from The Royal Mail Estates Limited (the Royal Mail). We are familiar with the planning history of the Property and with the Certificate of Lawful Proposed Use or Development (CLOPUD) ref 12/01101/CLP granted by the Council on 12 October 2012, a copy of which is enclosed with this letter together with a copy of the S106 unilateral Undertaking dated 3 October 2012 (3257) referred to in the first informative of the CLOPUD.

We write with reference to the planning application submitted on behalf of our client registered under reference 18/2252 (the 2018 Planning Application). It was envisaged that the 2018 Planning Application would be progressed to the 17th July Planning Applications Committee of the Council with a positive recommendation (in order to determine the application by the statutory determination date of 24th July). However, due to issues around the viability appraisal and Benchmark Land Value (BVL), a formal extension of time was granted until 25th September 2019 (three weeks after the next planning applications committee date on 4th September), to enable discussions regarding the proposals to continue.

Viability Matters

We have reviewed the viability assessment undertaken by Housing Expectations (the Viability Assessment) on behalf of our client together with the Knight Frank valuation. We have also reviewed the viability review undertaken by BPS (the BPS Review) on 22 June 2019 on behalf of the Council.

The BPS Review at paragraph 2.2, page 5, sets out that BPS are of the opinion that the BLV has been incorrectly determined through reflecting a B1(c)/B8 use assumption. BPS state in their report that the EUV *'fails to consider the lawful planning use of the site'* which the Council have confirmed to BPS is sui generis but limiting it to a 'Royal Mail' sorting office. BPS further state

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Our client is extremely concerned about the consequences of a decision based on an incorrect assessment of the lawful use. If the application proceeds with the current analysis, our client will not be able to move forward with a S106 agreement as this would be legally flawed and lead to an financially unviable proposal. Therefore, the only alternative would be an appeal if the matter was refused or undetermined; this would lead to significant delay and give rise to unnecessary costs. Our client's fall-back position therefore is to consider letting the site for its lawful use and although this is not an ideal proposal, it is one that will have to be given considerable thought if the matter isn't resolved expeditiously.

Yours faithfully

A handwritten signature in purple ink that reads 'Trowers + Hamlin'. The signature is written in a cursive, flowing style.

encs.

OPINION

Introduction

1. I am asked to advise as to the proper approach to existing use value (EUV) or current use value (CUV) (either leading to benchmark land value (BLV)) for the purposes of an affordable housing viability appraisal, in the course of the determination of an application for planning permission for major residential-led mixed use redevelopment of the former Royal Mail Sorting Office, Caversham Road, Reading. The relevant background is as follows.

Background

2. Outline planning permission was granted for the development of the site on 1 June 1984 in the following terms:

“General industrial buildings for the Post Office mechanised letter sorting operation together with workshops, ancillary administration offices, car parking, parking for large vehicles and servicing areas with associated access to Caversham Road and Vastern Road”.

Save for a first occupation condition, the permission was neither personal to the Post Office, nor was it time-limited or temporary.

3. The 1984 permission was implemented, and for many years the site was used as a Mechanised Letter Office incorporating a Royal Mail Delivery Office. The operation became known as the Reading Mail Centre.
4. In October 2009 the site was let to Network Rail for uses in connection with the redevelopment of the adjoining railway station. That use ceased in August 2018, and the site is now vacant.

8. The terms of that obligation are, for present purposes, noteworthy. They constituted a recognition, completely uncontroversial at the time, that it would be lawful to use the premises for Class B8 purposes, without further planning permission.

9. On 5 October 2012 the Council granted a certificate in these terms:

“The Reading Borough Council hereby certify that on 10 July 2012 the uses described in the First Schedule to this Certificate in respect of the land specified in the Second Schedule to this Certificate, and edged red on the attached plan are lawful within the meaning of section 192 of the Town and Country Planning Act 1990 (as amended), for the following reasons:

First Schedule:

The proposed use of the buildings shown edged blue and lettered A and B on the attached plan (“buildings A and B”) for the storage and distribution of goods (within Class B8 of the Town and Country Planning (Use Classes) Order 1987) and ancillary offices in respect of which not more than 7,494 sq. m. floorspace (gross internal area) within buildings A and B shall be used primarily for the distribution of parcels; and the proposed use of the remainder of the land to which this Certificate relates (the external area) for uses which are ancillary to the above mentioned use of buildings A and B only comprising the parking of vehicles, trailers, motorcycles and bicycles, access/egress, internal circulation space for vehicles, the operation of equipment/machinery such as balers and waste compactors and as a service yard (without open storage)”.

The Reasons referred to the current lawful use of the site being as “a Mail Centre” (sui generis); reference was made to the unilateral undertaking; “On this basis, the Council considers that there would be a change of use, but that that change would not be a material change of use”.

10. It may be noted that the certified use is neither personal to any person or body, nor is it time-limited in any way. As indicated above, the purpose of obtaining the certificate was to establish the then current use value.

14. The Council have commissioned an Independent Viability Review, dated 22 June 2019. Paragraph 2.2 states:

“We are of the opinion that the benchmark land value has been incorrectly determined through reflecting B1c/B8 use assumptions. The EUV valuation fails to consider the lawful planning use of the site, which the Council have confirmed is Sui Generis limiting use to a Royal Mail Sorting Office. This use was in place until 2009. From 2012 the site has been in use as Network Rail’s project office for the duration of the redevelopment of Reading Station. This use was a temporary consent. The wording of the decision notice for the Certificate of Lawfulness of Use in relation to the land is explicit in that upon completion of the project the lawful use would revert back to a Mail centre (Sui Generis) use”.

I pause at this stage to note certain clear errors in this paragraph. First, it seems to assume that there is a lawful development certificate of existing use under section 191 of the 1990 Act. This, as noted above, is incorrect. Second, the paragraph is quite wrong in suggesting that any lawful development certificate “limit[s] use to a Royal Mail Sorting Office”. The words “Royal Mail” appear nowhere in the certificate. The reference to a “Mail Centre (Sui Generis)” nowhere feature in the terms of the certified use in the First Schedule. Third, it is therefore quite wrong to state that on cessation of the Network Rail use, the certificate is “explicit in that upon completion of the project the lawful use would revert back to a Mail centre (Sui Generis) use”.

15. Paragraph 2.4 of the Review goes on to state that “the land has an allocation in the development plan for a mixed use scheme. The report therefore considers the site to be able to generate an alternative use value (AUV) from this allocation”. An appraisal is carried out on this basis, suggesting a residual value of £6,104,000.
16. For reasons partly indicated above, this is quite clearly a misconceived approach. The whole purpose of an affordable housing viability appraisal is to compare the value of

IN THE MATTER OF:

**THE FORMER ROYAL MAIL SORTING OFFICE
CAVERSHAM ROAD
READING**

OPINION

**Trowers & Hamlins LLP
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Ref: JKB.45559.1184**

Our Ref: CLM-

FURTHER OPINION

1. I wrote an Opinion dated 25th July 2019 in this matter, relating to the terms of a lawful development certificate granted by Reading Borough Council on 5th October 2012. I set out my reasons in full for stating (paragraph 16):

“It is beyond argument, and duly certified, that in its existing state, the site can be used tomorrow for a B8 use by any person”.

2. I understand that the Opinion was sent to Reading Borough Council on 1st August 2019. Over two months later, the Council supplied an email dated 4th October 2019 from the Planning Officer. This dealt with a number of planning issues (which are not the subject of this Further Opinion). In relation to the matter of the certificate, the email states: “...officers consider that CLOPUD 12/01101 agreed the use of the buildings was for storage and distribution of goods within Class B8 and ancillary offices provided no more than 7,494 sq. m. was used primarily for the distribution of parcels”. This is clearly an acceptance of the terms of my Opinion.

3. However, the email continues (on this point) in these terms:

“However, it is also known that in practice for a considerable time prior to the CLOPUD (2009) and since that point in time (until August 2018 - beyond which time the site has been vacant) the site was occupied and operated by Network Rail (not primarily for the distribution of parcels as the CLOPUD details). This casts what officers consider to be a shadow of doubt as to the established/lawful use at the site (other possibilities include a nil or abandoned use), for which one avenue for you to explore is whether it would be prudent to gather evidence to submit a CLEUD application to seek to provide a definitive starting position on this matter?”

IN THE MATTER OF:

**THE FORMER ROYAL MAIL SORTING OFFICE
CAVERSHAM ROAD
READING**

FURTHER OPINION

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